

# How People Use Economic Census Data

The U S Census publishes data on all aspects of the population that can provide information for all types of market research and business development projects. As a teacher you will want to encourage students to use this data to do the following.

- \* Gauge the competition
- \* Calculate market share
- \* Locate business markets
- \* Study business markets
- \* Locate distributors or resellers
- \* Site location
- \* Design sales territories and set sales quotas
- \* Evaluate investment opportunities
- \* Evaluate new business opportunities
- \* Enhance business-opportunity presentations
- \* Public policy and statistics

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## 1. Gauge the competition

A manufacturer compared statistics for his company with industry-wide figures in census reports. He became concerned when he found that they achieved less value added per employee than the competition--represented by industry averages. Census figures helped him convince the company's Board of Directors to reduce administrative staff and take other measures to increase productivity and profitability.

A soft drink bottler considered expanding into two related beverage manufacturing operations: milk and alcoholic beverages. Economic Census data shed light on industry specialization, company size, and the relationship of expenses to receipts--information that encouraged the bottler to diversify.

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## 2. Calculate market share

A restaurant supply wholesaler calculated that it had roughly an 11-percent market share--its own sales divided by state totals for similar businesses-- in its primary sales region in the northern mountain states. The wholesaler used that figure as a target when it expanded into Arizona and New Mexico.

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## 3. Locate business markets

A man who had developed software for managing quality control operations made a list of industries most likely to use his product, then ranked the top industries based on census figures on value added and growth. He customized his software to appeal to those top prospects. Census data on CD-ROM made it easy to find areas where large plants in the target industries were located. A diskette duplication service used the numbers of businesses by ZIP Code on CD-ROM to assess the completeness and coverage of its direct mail list of service and retail businesses. For industries where its coverage was poor, the business purchased commercial mailing lists or advertising space in appropriate trade periodicals.

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## 4. Locate distributors or resellers

The publisher of a TV magazine for free distribution at stores wanted the distribution of retailers by ZIP Code in order to design sales territories. They grouped ZIP Codes until each territory had roughly equal numbers of small stores--their sales people had found that owners of small stores were more willing to listen to their pitch than were owners of large stores.

An electrical supplies wholesaler consulted Census of Construction Industries reports to determine receipts of electrical contractors by state and to examine trends in industry expenditures for materials and supplies.

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#### 5. Site location

A major food store chain uses retail census data and population figures to estimate potential weekly food store sales in the trade area for each of its stores. These estimates allow the company to calculate market share for each existing store, and to evaluate prospective sites for new stores.

The owner of a chain of auto accessory stores computed the ratio of accessory sales in the retail census to household income from the population census for several neighboring metropolitan areas. Finding his own area well above national averages, he inferred that the local market for auto accessory stores might be already saturated. That contributed to his decision to expand into a nearby metro area with a lower ratio instead of adding another store locally.

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#### 6. Design sales territories and set sales quotas

An insurance company uses counts of establishments and sales by kind of business to redesign sales territories and set quotas and incentive levels for agents. By comparing census figures to their own records on customers, company executives found which kinds of businesses were better prospects than others.

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#### 7. Enhance business-opportunity presentations to banks or venture capitalists

A small business manufacturing solar water heater panels sought to attract new investors. They changed their prospectus to prominently feature the use of their product in growing industries, with census data to back them up.

An entrepreneur used census data to support her loan application, as she sought financing to start a tailoring and alterations shop for women executives. She used data from the Census of Service Industries on her line of business in conjunction with data on women in managerial occupations from the Census of Population.

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#### 8. Evaluate new business opportunities

A manufacturer of industrial chemicals used data on production of semiconductors and other high technology products to assess the feasibility of introducing a line of advanced composite materials.

A recent engineering graduate examined census data about a industries where he thought his skills could be used. After exploring the statistics, he concentrated his job search on the industries that had grown substantially in recent years. He also studied statistics about those industries in preparing for job interviews.

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#### 9. Research

A professor at Harvard University studied a series of votes in Congress related to free trade issues. He used Census of Manufactures data to explore the correlation between each state's industrial structure and the way that state's Congressional representatives voted on these issues.

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#### 10. Maintain local tax base

The Economic Development Commission of Chicago attempts to attract new business to the city, and retain the ones they already have, by talking to individual companies about their real estate and labor force needs. They use Economic Census data identify industries growing nationally but not doing as well locally.

A community action corporation in western Pennsylvania used census of manufactures data on the steel industry and its customers to determine the feasibility of local efforts to reopen a closed steel plant. Census figures helped convince them that this was not a good investment, despite local enthusiasm for the project.

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#### 11. Assist local businesses

A State economic development agency identified industries with the most export activity using "Exports from Manufacturing Plants". The agency gave those industries top priority as it launched a program to assist companies in finding trade leads.

Small Business Development Centers in many states help business owners assess their marketing and management challenges and become familiar with business data sources like the Economic Census.

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#### 12. Public policy and statistics

The U.S. Department of Commerce uses detailed census statistics on products produced and materials consumed in manufacturing in updating its "input-output tables". These tables are basic to updating the national income and product accounts, including the gross domestic product.

Federal and state agencies look to Economic Census data to gauge the effectiveness of programs such as minority contracting guidelines, trade policies, and job retraining.

The Federal Emergency Management Agency uses the ZIP Code CD-ROM to inventory manufacturing locations by industry and size. They estimate potential losses to productive capacity that might result from a major flood or other disaster.

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Send comments to <[econ@census.gov](mailto:econ@census.gov)>